

# FISCAL NOTE

**Bill #:** HB0377

**Title:** Issue bonds for hydrogen futures park and technology projects

**Primary Sponsor:** Younkin, C

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b>FY 2004 Difference</b>	<b>FY 2005 Difference</b>
<b>Expenditures:</b>		
General Fund	\$384,027	\$2,257,080
Other – Capital Projects	\$30,000,000	
<b>Revenue:</b>		
Other – Capital Projects	\$30,000,000	
<b>Net Impact on General Fund Balance:</b>	(\$384,027)	(\$2,257,080)

<input checked="" type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input checked="" type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Dedicated Revenue Form Attached	<input type="checkbox"/> Needs to be included in HB 2

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Administration (debt service)**

1. The bonds will be issued in spring of 2003 with an interest rate based on AA market rates as of 1/21/03.
2. The bonds will have a 20-year term.
3. The debt service for the 2005 biennium was calculated using a 4.25% interest rate. If the bonds are not issued until spring of 2004, it is estimated that the interest rate will be 1 percent higher and annual debt service will average \$2.465 million per year.
4. The bond principle and interest payments will be made by the general fund.
5. The tax revenue generated the project will be sufficient to pay the debt service. In the event these funds are less than expected, the general fund would still pay the debt service since these are G.O. bonds.

#### **Department of Commerce**

6. HB 377 authorizes the issuance of up to \$30 million in general obligation bonds for the purpose of financing infrastructure improvements and equipment for a Hydrogen Futures Park to be located at the University of Montana's College of Technology campus in Missoula.
7. The Department of Commerce cannot request the issuance of bonds by the Board of Examiners (Board) unless evidence satisfactory to the Board that each hydrogen project developer has committed to locating the project in Montana, and a document or certificate signed by the director of the office of budget and

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(continued)

program planning stating that the tax revenue to be received by the state from each project over the term of the bonds will be sufficient to pay the principal and interest on the bonds issued for a project.

8. Assuming a commercially viable for-profit project was brought forth and bonds were issued on or about July 1, 2003 in the amount of \$30 million, The Department would have to certify that the project would generate at least \$49.8 million in revenue to the state during the 20 year life of the bonds.

**Long Range Building Program – Architecture and Engineering**

9. Assuming the long-range building program's only involvement in the project would be reviewing the plans and specifications, there would be no fiscal impact.
10. Miscellaneous costs, if any, would be minimal and could be charged to the project and/or the A&E division's operating budget could absorb the costs.

<u>FISCAL IMPACT</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
<b>Department of Administration</b>		
Debt Service	\$384,027	\$2,257,080
<b>Department of Commerce</b>		
Infrastructure Projects	\$30,000,000	
<u>Funding of Expenditures:</u>		
General Fund (01)	\$384,027	\$2,257,080
Bond Proceeds (05)	\$30,000,000	
<u>Revenues</u>		
Bond Proceeds (05)	\$30,000,000	
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$384,027)	(\$2,257,080)
Bond Proceeds (05)	30,000,000	

LONG-RANGE IMPACTS:

If this bill is approved, the debt service will be approximately \$2.26 million in FY06 and thereafter for the life of the bonds.

LOCAL GOVERNMENT IMPACTS:

1. Revenues and expenditures of local governments will be increased as new facilities are constructed.

TECHNICAL NOTES:

1. The fiscal note shows the entire amount of bonds issued and expended in FY2004, however the actual issuance and expenditure may be spread over several years.